

Your Health Matters

IMPORTANT NEWS ABOUT OPEN ENROLLMENT 2004

A Message from the Department of Administration Director



The Arizona Department of Administration will launch a new health care program called Arizona Benefit Options (AzBO) on October 1, 2004. The cornerstone of Arizona Benefit Options will be the State's new medical plans, which will cover approximately 70,000 State employees and retirees.

"Arizona Benefit Options will bring more choice, better value, and a more comprehensive health care program to our members. We have designed a total benefits package tailored specifically for our employees, retirees, and their families. We know that you will be pleased by the increased choice and the tremendous value that we are able to offer through our new program."

Betsey Bayless
Director, Department of Administration

New Name. New Beginning.

It's about **Choice** ... It's about **Value** ... It's about **You**. These are the guiding principles of the Arizona Department of Administration's new Arizona Benefits Options (AzBO) program, which was announced in our first newsletter. This second newsletter lists the AzBO plans and premiums, and also provides important information to prepare you for the upcoming Open Enrollment. We are excited about this new program and the improvements that it offers.

Choice: Many retirees will have an increased choice of insurance plans. Retirees in Maricopa and Pima counties will have the option of three Exclusive Provider Organizations (EPOs) and two Preferred Provider Organizations (PPOs)—two more plans than are currently offered. Retirees in Maricopa and Pima counties and retirees in selected Pinal County zip codes are now being offered a Medicare Advantage option. The AzBO

Si necesita asistencia en español, por favor llame a la Oficina de Opciones de Beneficio de Arizona (AzBO) al 602-542-5008, o al número gratuito 1-800-304-3687. El AzBO Centro de Servicio al Cliente está preparado para explicarle los detalles de esta carta informativa. Durante el periodo abierto de inscripción, Agosto 2 hasta Septiembre 10, 2004, los centros de apoyo de inscripción estarán disponibles para ayudarle a inscribirse a través de la localización de página AzBO. Su paquete de inscripción abierta, el cual será enviado a su casa a últimos de Julio, incluirá una lista enseñando los días, horas y lugares de los centros de apoyo de inscripción con personal que hablan español.

plans feature approximately 25% more doctors than are currently offered.

The NAU Blue Cross Blue Shield (BCBS) plan is still available in all regions as an option for NAU retirees ONLY.

(*New Name* continues on page 2)

All retirees must re-enroll. CIGNA is no longer a provider; therefore, if you do not enroll during Open Enrollment, you will not have health benefits after September 30, 2004 and you will not be eligible to re-enroll at a later date.

(*New Name* continued from page 1)

Value: Although health care costs are skyrocketing nationally:

- Most retirees selecting an EPO plan will find AzBO options with cost increases at or slightly below the national average.
- Retirees selecting PPO plans will see a significantly smaller increase than the national average.
- Retirees choosing the Medicare Advantage program will find their costs **reduced** by as much as 30%.
- As importantly, there will be **no increase** for medical or prescription copayments.
- There are no coverage changes to the NAU BCBS plan, with only slight premium increases.

You: You asked for more options. You wanted better controlled premium costs. We listened and designed this program specifically for our employees, retirees, and their families.

In response to your requests, we are providing a vision insurance option for retirees enrolling in a medical and/or dental plan.

Whenever a change in plan providers is implemented, there is the potential for having to change doctors. Although AzBO has made every effort to minimize that disruption, some retirees will have to change providers. To ease this process, AzBO is providing a comprehensive program that will allow you to continue critical treatment programs while transitioning to your new provider. After carefully reviewing the information in this newsletter, if you have any questions or concerns, let us know. We have staff dedicated solely to helping you through this process. Support services are listed in the Open Enrollment section within this newsletter.

OPEN ENROLLMENT

WHO: All retirees must re-enroll.

WHEN: The Open Enrollment period will begin Monday, August 2, 2004 and will end Friday, September 10, 2004.

HOW: You have two options:

1. Use the www.benefitoptions.az.gov website. This option requires a computer with Internet access.
2. Use the Arizona Benefit Options Interactive Voice Response (IVR) telephone system. This option requires a touch-tone phone.

Open enrollment is a paperless process. No paper forms will be accepted.

WHERE: Retirees may enroll at home or at State-sponsored sites where you will have computer access during normal work hours.

SUPPORT: Arizona Benefit Options will provide the following support services to help you make your benefit choices and enroll successfully.

Benefit Options Website: You may visit our website at www.benefitoptions.az.gov at any time. This website includes detailed information about your options and a comprehensive list of answers to frequently asked questions.

Open Enrollment 800 Number: You may call 1.800.304.3687 from 8:00 am to 5:00 pm, Monday through Friday, with your open enrollment questions. Beginning July 19, 2004, hours of operation will be 7:00 am to 6:00 pm.

Open Enrollment Email Site: You may email questions to the Benefits Office at oequestions@ad.state.az.us at any time.

Benefit Fairs: If you would like to meet with representatives of the Benefits Office and/or plan representatives to discuss your benefit questions, there will be two types of fairs:

- In-Person Meetings where you may meet plan providers. Already, 19 such meetings have been scheduled throughout the State during August and September.

(*Open Enrollment* continues on page 3)

(*Open Enrollment* continued from page 2)

- Videoconferencing Meetings where you may talk with plan representatives. A list of the scheduled videoconferences is included in this newsletter. **Due to seating limitations at the videoconference sites, preregistration is required. You may preregister by calling 602.542.5008 or toll free at 1.800.304.3687 and pressing 14. You may also preregister via email at beneissues@ad.state.az.us.**

Enrollment Support Centers: If you need help with using the online enrollment system, the Benefits Office is providing computer centers throughout the State to assist you. A complete listing of the sites, dates and times of operation will be included in the Open Enrollment packet you will receive in late July. Spanish-speaking staff will be available at selected centers.

OPEN ENROLLMENT PACKETS WILL BE MAILED TO YOUR HOME IN LATE JULY, AFFORDING YOU AMPLE TIME TO REVIEW AND SELECT YOUR BENEFIT OPTIONS BEFORE OPEN ENROLLMENT BEGINS.

Do You Have an Ongoing Medical Condition?

We know that your health issues are a great concern to you. Many individuals have ongoing health issues for which they are currently being treated. Transition of Care (TOC) ensures there is no interruption of your health care if, within the past three months, you have been receiving ongoing medical treatment, from a provider, for a qualifying medical condition. Examples of medical conditions which may or may not require TOC are listed at the end of this section.

The State has specifically contracted with a team of medical professionals to guide you through this transition. They will work with you on a personal and confidential basis. In most cases, TOC allows you to continue treatment with a non-network practitioner at the time of your coverage in the new plan. The State will provide a reasonable transition period for you to continue your course of treatment. The benefit applies only to treatment provided or ordered by the physician approved by the plan administrator. After this transition period, your medical care must be provided by a network provider.

Your Open Enrollment packet will include a TOC form. You must complete and return this form to apply for TOC support.

If you have concerns or questions about Transition of Care, please call the Client Services Center at 602.542.5008 or toll free at 1.800.304.3687.

Examples of Medical Conditions

Examples of medical conditions likely to benefit from TOC assistance include:

- Recent heart attack or stroke
- Cancer requiring surgery, chemotherapy or radiation therapy
- Transplant candidates, unstable recipients or recipients in need of ongoing care due to complications associated with a transplant
- Receiving physical therapy, occupational therapy or speech therapy
- Acute trauma such as a bone fracture
- Home health care, acute rehabilitation, rental of DME (durable medical equipment) such as wheelchairs, oxygen and SVN machines
- Certain psychiatric treatment or substance abuse programs

- Recent surgical procedures still within the global follow-up period of when complications may arise (generally 6-8 weeks)
- Medications which need prior authorization and/or self-injectable medications which will require TOC for uninterrupted service.

Examples of medical conditions which are NOT likely to need TOC assistance include:

- Routine medical exams
- Immunizations and health assessments. These usually can be treated successfully by a network provider.
- Surgeries such as removal of lesions, hernia repairs or hysterectomies would be rescheduled with an in-network provider if possible.

RETIREE & LTD PARTICIPANT MEDICAL PREMIUMS

	WITHOUT MEDICARE		WITH MEDICARE			
Monthly Premium Amounts	Retiree Only	Retiree & Dependents	Retiree Only with Medicare	Retiree & Spouse or Dependent with Medicare	Retiree & Spouse: One with Medicare, the other without	Retiree and/or Spouse with Medicare; Dependents without
<i>Maricopa County Region includes Apache Junction</i>						
RAN/AMN (HMA) EPO	\$337.00	\$843.00	\$300.00	\$600.00	\$657.00	\$792.00
Schaller Anderson Healthcare (SA) EPO	\$337.00	\$843.00	\$300.00	\$600.00	\$657.00	\$792.00
United Healthcare (UHC) EPO	\$347.00	\$853.00	\$310.00	\$610.00	\$667.00	\$802.00
Arizona Foundation (AZF) PPO	\$559.00	\$1,370.00	\$509.00	\$994.00	\$1,081.00	\$1,434.00
United Healthcare (UHC) PPO	\$569.00	\$1,380.00	\$519.00	\$1,004.00	\$1,091.00	\$1,444.00
PacifiCare Secure Horizons	N/A	N/A	\$145.71	\$291.42	\$513.00	\$592.00
<i>Gila and Pinal County Region: Gila and Pinal County</i>						
Arizona Foundation (AZF) PPO	\$559.00	\$1,370.00	\$509.00	\$994.00	\$1,081.00	\$1,434.00
<i>Rural County Region: Yuma, La Paz, Mohave, Yavapai, Coconino, Navajo, Apache, Graham, Greenlee, and Cochise Counties</i>						
Arizona Foundation (AZF) PPO	\$583.00	\$1,458.00	\$509.00	\$994.00	\$1,081.00	\$1,434.00
<i>Santa Cruz County Region: Santa Cruz County</i>						
Arizona Foundation (AZF) PPO	\$516.00	\$1,249.00	\$473.00	\$908.00	\$1,092.00	\$1,407.00
<i>Pima County Region: Pima County</i>						
RAN/AMN (HMA) EPO	\$327.00	\$817.00	\$291.00	\$582.00	\$637.00	\$768.00
Schaller Anderson Healthcare (SA) EPO	\$327.00	\$817.00	\$291.00	\$582.00	\$637.00	\$768.00
United Healthcare (UHC) EPO	\$337.00	\$827.00	\$301.00	\$592.00	\$647.00	\$778.00
Arizona Foundation (AZF) PPO	\$516.00	\$1,249.00	\$473.00	\$908.00	\$1,092.00	\$1,407.00
United Healthcare (UHC) PPO	\$526.00	\$1,259.00	\$483.00	\$918.00	\$1,102.00	\$1,417.00
PacifiCare Secure Horizons	N/A	N/A	\$145.71	\$291.42	\$513.00	\$592.00
<i>Out-of State</i>						
Beech Street PPO	\$583.00	\$1,458.00	\$509.00	\$994.00	\$1,081.00	\$1,434.00
<i>NAU Only – Available in All Regions</i>						
Blue Cross/Blue Shield of AZ PPO	\$445.14	\$1,143.64	\$410.44	\$821.10	\$944.92	\$1,108.94

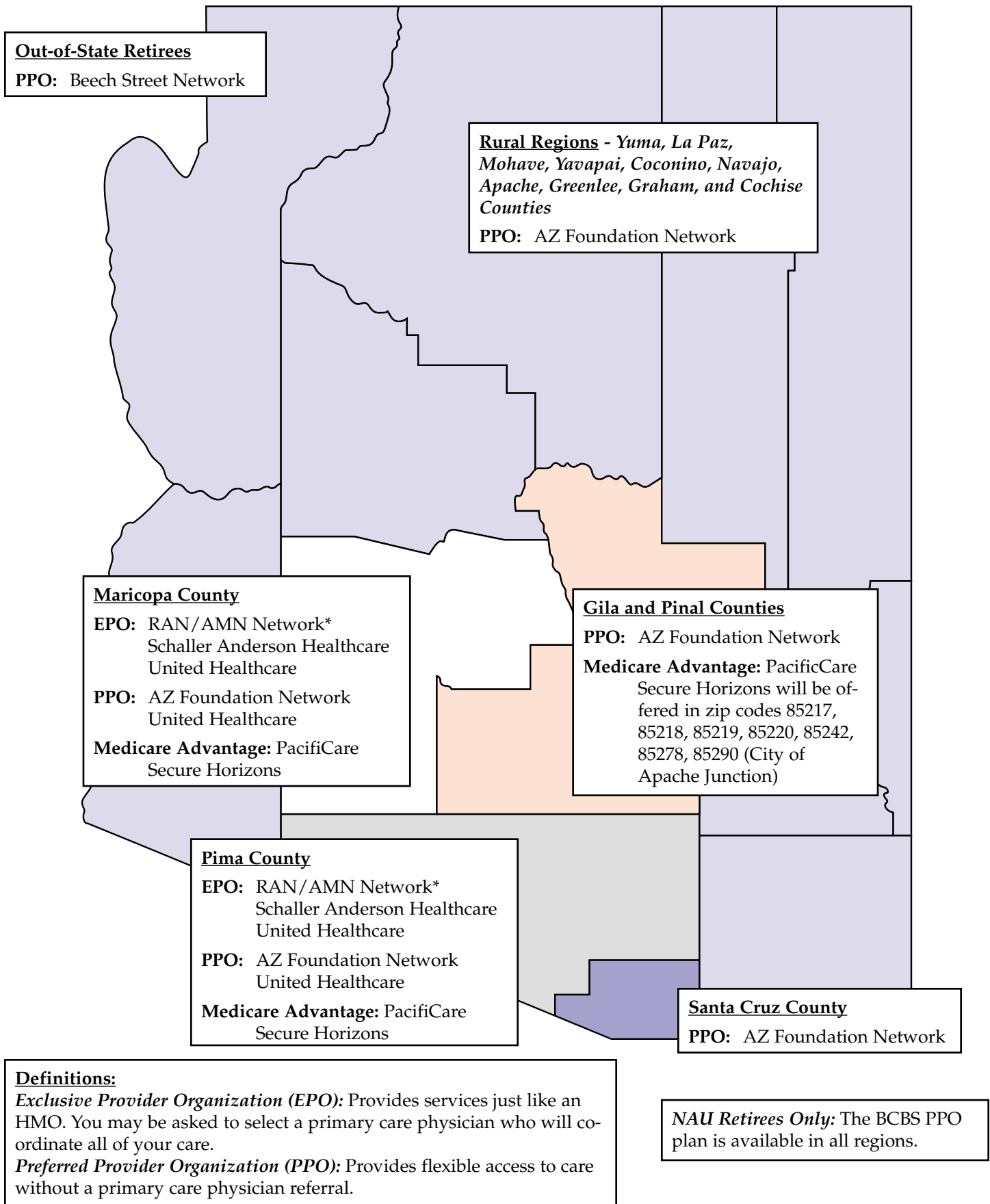
RETIREE & LTD PARTICIPANT DENTAL PREMIUMS

Monthly Premium Amounts	Retiree Only	Retiree and Dependent (s)
<i>Indemnity Plans — (Within Arizona and Out-of-State)</i>		
Delta Dental	\$27.50	\$89.40
MetLife Dental	\$27.50	\$85.96
<i>Prepaid Plans — (Within Arizona only)</i>		
Employers Dental Services (EDS)	\$9.72	\$28.22
Fortis Dental	\$10.86	\$29.52

RETIREE & LTD PARTICIPANT VISION PREMIUMS

Monthly Premium Amounts	Retiree Only	Retiree and Dependent (s)
Avesis	\$8.96	\$18.82

Health Plans for State Retirees



*Rural Arizona Network/Arizona Medical Network

Frequently Asked Questions

Since June 4, 2004, the Benefit Options team has been responding to your emails and phone calls regarding issues and questions you have with the new program. Here are some of the most commonly asked questions and the answers to them. For a complete list, please check our website, www.benefitoptions.az.gov.

Will my Premium Benefit increase with the new plan?

Your Premium Benefit is offered through the Arizona State Retirement System, the Public Safety Personnel Retirement System, the Corrections Officer Retirement Plan or the Elected Officials Retirement Plan. There will be no increase to any Premium Benefit or temporary rural subsidy as a result of the new program.

Should you any questions, please contact the Arizona State Retirement System at 602.240.2000 or 1.800.621.3778. If you belong to the Public Safety Personnel, the Corrections Officer, or the Elected Officials retirement plans, you may contact them at 602.255.5575.

Why are there no EPO plans offered in the rural areas for retirees?

The State was previously unable to offer an HMO plan in the rural areas. This resulted in retirees residing in rural areas receiving a temporary rural subsidy. If the State now offered an EPO plan in the rural areas, retirees would lose their subsidy. Therefore, the offering of an EPO plan for retirees in the rural areas has been postponed until the rural subsidy expires in June 2005. At that time, Arizona Benefit Options will offer an EPO plan and retirees will be given the option of changing plans.

I noticed that retirees, but not employees, received a premium increase this year. Why doesn't the State contribute to retiree premiums?

Retirees receive premium contributions through the State Retirement Systems in the form of a Premium Benefit or the temporary rural subsidy.

I want to continue with my current doctor. I called her office to see if my doctor accepts Arizona Benefit Options. I was told her office had never heard of Benefit Options. What do I do now?

Arizona Benefit Options applies to the comprehensive benefits program, not to the medical plans. When calling your doctor's office, you should ask if her office is a member of any of the available medical plans (i.e., Arizona Foundation, Rural Arizona Network/Arizona Medical Network, Schaller Anderson Healthcare, United Healthcare or PacifiCare) being offered in the AzBO program.

I live in a small town and do not have a Walgreens available. How do I fill my prescriptions?

You are not required to go to a Walgreens store to obtain your medications. Walgreens Health Initiatives, our pharmacy plan, contracts with grocery stores and independent pharmacies throughout Arizona. In fact, Walgreens Health Initiatives is the largest pharmacy network in the country. Please check our website at www.benefitoptions.az.gov to search for a participating pharmacy near you.

Pharmacy Benefits— Better Than Ever

The Walgreens Health Initiatives (WHI) network consists of more than 54,000 participating chain and independent pharmacies nationwide. There are approximately 900 member pharmacies within the State of Arizona including but not limited to:

Albertsons	Fry's	Smith's
Bashas'	Kmart	Target Pharmacy
CVS Pharmacy	Longs Drugs	United Drugs
Costco	Osco Drugs	Vons
Eckerd	Rite Aid	Wal-Mart
Food 4 Less	Safeway	Walgreen's
Food City	Sam's Club	Winn-Dixie

For a complete list, please refer to our website, www.benefitoptions.az.gov, to search for a participating pharmacy near you.

(Pharmacy Benefits continues on page 7)

Arizona Benefit Options

Videoconference Broadcast Sites

County/ Site	August 5 11:00 am–12:00 pm	August 10 12:30 pm–1:30 pm	August 18 10:00 am–11:00 am	August 24 1:00 pm–2:00 pm	September 1 9:00 am–10:00 am
Cochise/ Cochise County Courthouse			100 Quality Hill #104 Bisbee		100 Quality Hill #104 Bisbee
Coconino/ Coconino Health Services	467 Vista Avenue Page				
Greenlee Greenlee Courthouse	5th and Webster Clifton				
LaPaz/ LaPaz County Courthouse	1316 Kofa Parker	1316 Kofa Parker		1316 Kofa Parker	
Maricopa/ Judicial Education Center	541 E Van Buren, Suite B4 Phoenix			541 E Van Buren, Suite B4 Phoenix	
Maricopa/ State Courts Building		1501 W Washington, #119 Phoenix	1501 W Washington, #119 Phoenix	1501 W Washington, #119 Phoenix	1501 W Washington, #119 Phoenix
Maricopa/ Goodyear City Court	986 S Litchfield Rd Goodyear			986 S Litchfield Rd Goodyear	
Mohave/ Bullhead City Municipal	1255 Marina Blvd Bullhead City	1255 Marina Blvd Bullhead City	1255 Marina Blvd Bullhead City	1255 Marina Blvd Bullhead City	1255 Marina Blvd Bullhead City
Navajo/ Holbrook Probation	100 E Carter Dr, S Hwy 77 Holbrook	100 E Carter Dr, S Hwy 77 Holbrook	100 E Carter Dr, S Hwy 77 Holbrook	100 E Carter Dr, S Hwy 77 Holbrook	100 E Carter Dr, S Hwy 77 Holbrook
Navajo/ Snowflake Probation	124 S 2nd West Snowflake				
Navajo/ Winslow Probation	605 E 3rd Street Winslow				
Pima/ Pima County Superior Court	110 W Congress, Rm 945 Tucson	110 W Congress, Rm 945 Tucson			
Pima/ Pima County Adult Probation			2695 E Ajo Way Tucson		2695 E Ajo Way Tucson
Pinal/ Pinal County Courthouse	100 N Florence St Florence	100 N Florence St Florence	100 N Florence St Florence	100 N Florence St Florence	100 N Florence St Florence
Santa Cruz/ Santa Cruz Probation	2251 N Grand Ave Nogales		2251 N Grand Ave Nogales	2251 N Grand Ave Nogales	
Yavapai/ Yavapai County Courthouse	3rd Floor Jury Assembly Prescott			3rd Floor Jury Assembly Prescott	

(*Pharmacy Benefits* continued from page 6)

Mail Order Prescriptions

WHI will also provide a mail order service for those members who prefer the convenience of mail order and for members who need monthly medications for chronic or long-term health conditions such as high blood pressure or diabetes. The mail order pharmacy is located in Tempe, Arizona for timely shipments of medications. You may complete the registration form for this service and submit your prescriptions beginning September 20, 2004. WHI must receive a new prescription from your provider before mail order service can be initiated.

Treatment without Referrals— Exclusive Provider Organizations (EPOs)

The Benefit Options team knows it is inconvenient to obtain an authorization from your primary care physician (PCP) if you want to see a specialty physician. Therefore, we are offering EPO plans with greater flexibility. Although you will still be required to have a PCP, you

will not need to obtain your PCP's referral if you wish to see an in-network specialist such as a dermatologist or orthopedist. However, out-of-network treatment will not be available in the EPO plan.

Is My Doctor in a Plan? Is My Hospital? Where Do I Get My Prescriptions?

You now have two ways of determining which plan includes your current doctor or hospital.

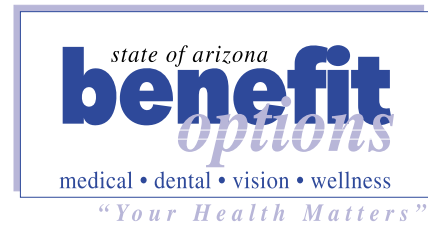
Our website, www.benefitoptions.az.gov, includes a search feature that allows you to identify the AzBO plans to which your doctor or hospital belongs.

Alternatively, you may call the Client Services Center at 602.542.5008 or toll free at 1.800.304.3687 to obtain this same information.

Should you find that your doctor and/or hospital are not already in any of the plan offerings, you may ask the Benefits staff to attempt to add them to one of the network offerings. How? Email your doctor's name and office address to beneissues@ad.state.az.us.

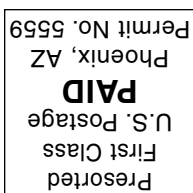
The Benefits staff will attempt to have your doctor and/or hospital added to one of the network offerings.

To find the pharmacy closest to you that belongs to the Walgreens Health Initiatives network, you may use the pharmacy search function on the website or call the Client Services Center at 602.542.5008 or toll free at 1.800.304.3687.



www.benefitoptions.az.gov

ADDRESS SERVICE REQUESTED



Important News About Open Enrollment!

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